

Amendment No. \_\_\_\_\_

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Signature of Sponsor

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**AMEND Senate Bill No. 734**

**House Bill No. 738\***

by deleting all language after the enacting clause and substituting instead the following:

SECTION 1. Tennessee Code Annotated, Title 3, Chapter 15, is amended by adding Sections 2 through 9 as a new part.

**SECTION 2.**

(a) As used in this part:

(1)

(A) "Efficiency audit" means an audit to determine whether a public higher education system or public institution of higher education:

(i) Is managing and utilizing its resources, including state funding, personnel, property, equipment, and space, in an economical, productive, and efficient manner;

(ii) Has received adequate state funding to allow it to achieve its mission and educational goals;

(iii) Has policies or rules in effect that create inherent inefficiencies;

(iv) Has unnecessarily duplicated its services or educational programs; and

(v) Can modify its operations to operate more efficiently and to more effectively deliver its services; and

(B) An efficiency audit is not a financial audit conducted by the comptroller of the treasury. An efficiency audit shall determine the cause of inefficiencies and uneconomical practices and shall include



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recommendations for addressing the financial needs of public institutions of higher education, as well as implementing strategies and plans to improve efficiency; and

(2) "Authorized by the general assembly" means approval by the general assembly, through the general assembly's adoption of an official act on or after January 1, 2019, that empowers the joint committee to contract with an audit consultant, or to otherwise enter into a contract for the implementation of an efficiency audit.

### SECTION 3.

(a) There is created the joint higher education efficiency audit committee referred to in this part as the joint committee.

(b) The joint committee shall be composed of seven (7) members as follows:

(1) The chair of the finance, ways and means committee of the house of representatives, or the chair's designee;

(2) The chair of the finance, ways and means committee of the senate, or the chair's designee;

(3) The chair of the education administration and planning committee of the house of representatives, or the chair's designee;

(4) The chair of the education committee of the senate, or the chair's designee;

(5) One (1) member of the senate, to be appointed by the speaker of the senate;

(6) One (1) member of the house of representatives, to be appointed by the speaker of the house of representatives; and

(7) The comptroller of the treasury.

(c) Five (5) members of the joint committee shall constitute a quorum for the purpose of meeting and conducting business.

(d) The first meeting of the joint committee shall be convened on a date to be determined by the comptroller of the treasury no later than January 31, 2019.

(e) The comptroller of the treasury, or the comptroller's designee, shall serve as chair of the joint committee. At its first meeting, the joint committee shall elect from its membership a vice chair and other officers as it considers necessary.

(f) The joint committee shall meet twice per month during the regular legislative session. The committee may, at the call of the chair, meet no more than twice per calendar year during the time that the general assembly is not in regular session.

SECTION 4. The joint committee has the authority to:

(1) Determine if it is in the best interest of the state to contract with a consultant to audit all public institutions of higher education, to investigate whether each institution is operating in the most efficient manner, to make recommendations to improve any inefficiencies, and to recommend any increase in funding;

(2) Request the assistance of the Tennessee higher education commission in coordinating and accomplishing its mission;

(3) Assign, at the request of the chair, current staff of the general assembly to provide administrative assistance to the joint committee;

(4) Request assistance from departments, agencies, and other governmental entities in performing its duties. The departments, agencies, and other governmental entities shall assist the joint committee upon request;

(5) Conduct hearings within the scope of its duties;

(6) Create subcommittees related to its purposes; and

(7) Perform other duties as required to achieve its objectives of making each public higher education system and public institution of higher education more effective in achieving its mission and in meeting its educational goals and to make use of tuition and state resources in the most efficient manner.

SECTION 5. In performing its duties, the joint committee shall:

(1) Define the scope of each audit. The joint committee may, at its discretion, request the comptroller of the treasury to issue request for proposals (RFPs) for audit consultants for consideration by the joint committee. The joint committee may issue requests for information and requests for qualifications in determining the scope of an audit;

(2) Issue one (1) or more RFPs with respect to an audit of each public higher education system or public institution of higher education;

(3) Review the proposals submitted in response to an RFP;

(4) Select an entity to perform the audit based on the joint committee's review of the proposals;

(5) Request authorization and funding by the general assembly to implement the efficiency audit;

(6) Review the audit's findings and recommendations to determine:

(A) The economic feasibility and expected cost savings to the state anticipated from any recommended changes;

(B) Whether recommended changes pursuant to subdivision (6)(A) result in more efficient use of state resources;

(C) The extent that the changes will contribute to student access to academic programs and services that will be beneficial to them and to the state;

(D) The extent to which proposed changes contribute to the system's or institution's goals, priorities, and higher education strategies of the state and the system or institution;

(E) The financial needs of the system or institution for purposes of recommending any increase in funding; and

(F) If inefficiencies exist due to a lack of funding; and

(7) Recommend actions to be taken as the result of the findings and conclusions of the audit and the manner in which these acts shall be implemented.

SECTION 6. Pursuant to § 12-3-102(b), the joint committee may request the assistance of the central procurement office in performing its duties.

SECTION 7.

(a) The joint committee's initial recommendation as to the hiring of an audit consultant, if any, shall be made as soon as possible, but no later than October 1, 2019.

(b)

(1) The joint committee shall, after authorization by the general assembly, contract for the performance of efficiency audits of the public higher education systems and public institutions of higher education with the objectives of making systems and institutions operate more efficiently and making use of state resources in the most efficient manner.

(2) Nothing in this part permits the joint committee to enter into contracts for efficiency audits without first being authorized by the general assembly.

(c) The joint committee shall publish reports on January 31 of each year, beginning with the first report published by the joint committee on January 31, 2020. The reports shall include the efficiency audits of the public institutions of higher education undertaken prior to each annual report date, the efficiency audits completed together with the findings, conclusions, and recommendations of the joint committee, and the efficiency audits underway, but not completed.

(d) The joint committee shall submit its annual report to the members of the general assembly, the governor, the Tennessee higher education commission, the systems for which audits have been completed or are underway, and the institutions and their governing bodies for which audits have been completed or are underway. The joint committee's duties shall be completed and dissolved when all institutions of higher learning in this state have been audited and the consultant's recommendations have been implemented and completed.

(e) The joint committee shall use the efficiency audits to identify inefficiencies and efficiencies that exist in public higher education systems and at the institutions.

Inefficiencies and efficiencies include, but are not limited to, those associated with resource allocation, underutilization of assets, staffing, and human resources, wages and salaries, duplication of services, administrative personnel and layers of administration, purchasing practices, and course offerings for the students or the public.

(f) The joint committee shall issue written recommendations to the general assembly for legislation that leads to more efficient use of state resources by the higher education systems and institutions and that results in more beneficial outcomes for the students and public.

(g) The joint committee shall make recommendations to the person or entity that has the power to implement its recommendations.

#### SECTION 8.


(a) If the general assembly authorizes the state to enter into one (1) or more contracts for efficiency audits, then efficiency audits of Tennessee State University, the University of Tennessee system and its institutions, and the University of Memphis, including the University of Memphis Lambuth, shall be scheduled and contracted as the first audits. The audit of the board of regents system shall be conducted last.

(b) Except as provided in subsection (a), efficiency audits of all other public higher education systems and public institutions of higher education shall be conducted in an order and manner determined by the joint committee.

SECTION 9. This part is repealed effective July 1, 2024.

SECTION 10. This act shall take effect January 1, 2019, the public welfare requiring it.

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**AMEND Senate Bill No. 824**

**House Bill No. 789\***

by deleting the language "January 1, 2018" wherever it appears in Section 16 and substituting  
instead the language "January 1, 2019".

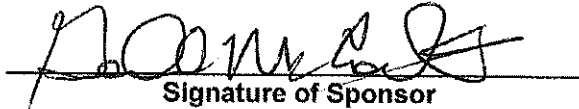


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**AMEND Senate Bill No. 2119\***

**House Bill No. 2310**

by deleting all language after the enacting clause and substituting instead the following:

SECTION 1. Tennessee Code Annotated, Section 67-4-2006(a), is amended by adding the following as subdivision (10):

(10) Effective for tax years beginning on or after January 1, 2020, for purposes of computing "net earnings" or "net loss" under this subsection (a), Section 163(j) of the Internal Revenue Code of 1986, as amended, shall be applied as it existed and applied immediately before the enactment of the Tax Cuts and Jobs Act of 2017, Pub. L. No. 115-97.

SECTION 2. Tennessee Code Annotated, Section 67-4-2006(b)(2), is amended by adding the following as a new, appropriately designated subdivision:

( ) Any amount that the taxpayer would have excluded from federal taxable income as a result of applying § 118 of the Internal Revenue Code as it existed and applied immediately before enactment of the Tax Cuts and Jobs Act of 2017, Pub. L. No. 115-97;

SECTION 3. Section 1 of this act shall take effect upon becoming a law, the public welfare requiring it. Section 2 of this act shall take effect upon becoming a law and shall apply to tax periods beginning on or after January 1, 2017, the public welfare requiring it.



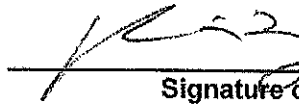
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**AMEND Senate Bill No. 2119\***

**House Bill No. 2310**

by inserting the following new section immediately preceding the last section and renumbering the subsequent section accordingly:

SECTION \_\_. Tennessee Code Annotated, Section 67-1-1704, is amended by adding the following language as a new subsection (e) and redesignating the remaining subsections accordingly:

(e) A unit of local government receiving tax information under subsection (d) may disclose to a contractor or consultant the name, address, and situs of one (1) or more taxpayers for the purpose of ascertaining whether allocations of state and local taxes are being distributed to the correct unit of local government. Such information shall not include the taxpayer's returns, receipts, income, tax liability, tax payments, or other financial information. No consultant or contractor of a unit of local government who receives tax information under this subsection (e) shall disclose such information to any other person. Any consultant or contractor of a unit of local government who has or has had, at any time, access to any tax information under this subsection (e) shall be subject to all the penalties and restrictions applicable to an officer or employee of the state under § 67-1-1709.



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Amendment No. \_\_\_\_\_

*Charles W. Dargatzis*  
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**AMEND Senate Bill No. 2119\***

**House Bill No. 2310**

by adding the following as new sections immediately before the effective date section and renumbering the effective date section accordingly:

SECTION \_\_. Tennessee Code Annotated, Title 67, Chapter 6, Part 5, is amended by adding the following as a new section:

**67-6-543.**

(a) For the purpose of increasing compliance with the tax laws administered by the department of revenue, the commissioner of revenue is authorized to contract with a third party for the provision of advice or recommendation on delinquent or deficient sales and use taxes imposed under this chapter. Any third-party advice or recommendation may include the recommendation for taxpayer audit selection and the amount of any assessment.

(b) Any advice or recommendation of any person rendering services pursuant to subsection (a) shall be advisory only, and the amount of any proposed assessment issued directly or indirectly as a result of the consultation shall be determined solely by the department of revenue as provided by law.

(c) No contract entered into by authority of this section shall contain any provisions whereby a person shall be paid upon a percentage basis, or on any basis whereby the compensation under the contract is dependent or conditioned upon increasing or reducing revenues assessed or collected by the department of revenue.

(d) Any contract or solicitation for a contract authorized under this section shall be procured as provided in title 12, chapter 3, and shall be subject to the rules, policies, and procedures of the central procurement office and the procurement commission.



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(e) Any contract entered into pursuant to this section shall terminate no later than July 1, 2019.

SECTION \_\_. Tennessee Code Annotated, Section 67-1-1704, is amended by adding the following as a new subsection:

( ) Returns, tax information, and tax administration information may be disclosed to any person providing analytical support or data analysis to the department in furtherance of tax administration, including any person rendering services to the department pursuant to a contract entered into under § 67-6-543. Any person receiving returns, tax information, or tax administration information under this subsection ( ) shall be subject to the confidentiality provisions, including penalties, set out in this part.

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**AMEND Senate Bill No. 1589**

**House Bill No. 1462\***

by deleting Sections 2 and 3.



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